

Message Text

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PAGE 01 SEOUL 04659 180850Z

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ACTION XMB-07

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

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E.O. 11652: N/1?

TAGS: ETRN, KS

SUBJECT: EXIM BANK FINANCING FOR JINIL SHIPYARD AT MASAN

REF: STATE 130735

FOR EXIM BANK AND COMMERCE

1. REFTEL REQUESTED ADDITIONAL INFORMATION JINIL'S MEDIUM SIZE SHIPYARD PROJECT. EMBOFF HAS DISCUSSED WITH COMPANY EXECUTIVE AND WAS SHOWN COPY OF PROJECT PROPOSAL JINIL PLANS SUBMIT TO EPB.

2. JINIL, WHICH MANUFACTURES YANMAR MARINE DIESEL ENGINES UNDER LICENSE, HAS PROVISIONAL AGREEMENT WITH DAINICHI SHIPPING TRADING CO. LTD., OF SINGAPORE TO CONSTRUCT TEN 7,500 DWT LUMBER CARRIERS FOR LATTER AT COST OF \$2,800,000 EACH. FIRST SHIP DUE IN 1974 WITH ALL DELIVERIES TO BE COMPLETED BY END 1976. JINIL HAS NOT RECEIVED ANY OTHER ORDERS. JINIL INTENDS, HOWEVER, TO BUILD YARD WHICH WILL ALSO BE CAPABLE BUILDING VESSELS UP TO 50,000 DWT, COMMENCING IN 1975. ANNUAL CAPACITY BY 1976 WOULD BE 300,000 DWT.

3. JINIL HAS SIGNED \$10,000,000 LOAN CONTRACT AND \$15,000,000 EQUIPMENT PURCHASING CONTRACT (SUPPLIER CREDIT)

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PAGE 02 SEOUL 04659 180850Z

WITH ALOHA CORPORATION, 745 FORT STREE, SUITE 1916, HONOLULU.

(MICHAEL E. LEEPER, CHAIRMAN) AT LONDON EURODOLLAR INTERBANK RATE PLUS TWO PERCENT, WITH THREE YEARS GRACE AND SEVEN YEAR REPAYMENT PERIOD. CONTRACT PROVISIONS LEAD EMBOFF TO SUSPECT THAT ALOHA MAY BE INTENDING SUPPLY JAPANESE QUEIPMENT. ESTIMATED INTEREST RATE IS 9.5 PERCENT. JINIL BELIEVES ALOHA CORPORATION APPEARS TO BE REFINANCING LOAN WITH REPUBLIC NATIONAL BANK OF NEW YORK. MR. SASSOON IS ACTION LOAN OFFICER.

4. JINIL INDEPENDENTLY APPROACHED EXIM BANK THROUGH PARK, JA SON, A KOREAN RESIDENT OF U.S., FOR \$20 JILLION LOAN. JINIL'S FINANCIAL DIRECTOR SAID FIRM HAS NOT YET APPROACHED ANY COMMERCIAL BANK FOR THE \$9 MILLION PORTION THAT WOULD BE SUBJECT TO EXIM GUARANTEE. JINIL HAS NOT TRIED TIE TWO ALTERNATE FINANCING PLANS TOGETHER.

5. ROKG FINANCIAL GUIDELINES ON SHIPBUILDING PROJECTS MAY PROVE TO BE OBSTACLE SINCE COMPANY MADE LARGE CASH PAYMENT TO SECURE YARD SITE, BUT COMPANY MAY BE ABLE RAISE SUFFICIENT FUNDS LOCALLY TO QUALIFY UNDER GUIDELINES. EPB'S ATTITUDE IS THAT CASE WILL BE REVIEWED ON ITS MERITS AS SOON AS DETAILED APPLICATION IS RECEIVED FROM JINIL.

6. BANK AND/OR COMMERCE MAY WISH DISCUSS CASE WITH ALOHA, REPUBLIC NATIONAL BANK, AND JASON PARK TO CONFIRM JINIL'S STORY AND SEE HOW FINANCING PACKAGE FOR SUPPLYING U.S. EQUIPMENT COULD BE WORKED OUT.
HABIB

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